

- LASCO was financially sound and would repay the promissory notes when it was insolvent and its net earnings were not enough to even pay the interest on the existing promissory notes;
- repayment of the promissory notes would be guaranteed by the proceeds from a life insurance policy on Spirk's life, when the amount of the existing promissory notes exceeded the face amount of the insurance policy and the insurance policy was later cancelled for nonpayment of the premiums;
- the proceeds from the sale of the notes would be used to establish the business activities of Spirk's businesses when Spirk used substantial amounts of the proceeds to pay interest and principal to previous purchasers of the notes; and
- that a Private Placement Memorandum for the sale of stock had been approved by the Illinois Securities Department, when it had not been approved and the Illinois Securities Department had entered an order prohibiting LASCO and Spirk from selling unregistered securities in Illinois.

The investors in the promissory notes came from several states, and included numerous investors in Winnebago, DeKalb, and Ogle Counties.

The case was investigated by agents of the Illinois Securities Department's Enforcement Division, a part of Secretary White's office, and United States Postal Inspectors, and has been prosecuted in United States District Court by Assistant United States Attorneys JOHN G. McKENZIE and SCOTT A. VERSEMAN.

Secretary of State White commented, "In the world of investing, if it sounds too good to be true, it likely is. I encourage the investing public to fully check out a potential investment by first calling the Illinois Securities Department to determine if it is properly registered." The Illinois Securities Department is responsible for regulating the securities industry in Illinois, which includes the registration of investment products and those who sell them. The Department can be reached at 1-800-628-7937.

#